

DOCKET FILE COPY ORIGINAL

BNI

BROADBAND NETWORKS INC.

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April 24, 1998

Magalie Salis
Office of the Secretary
Federal Communications Commission
1919 M. Street NW
Washington, DC 20554

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APR 23 1998
FCC MAIL ROOM

Re: Objection to Application CC Docket 96-45
Application ID#: Quad County ID#: 149611
Universal Service Control #: 712200000031634

Dear Magalie Salis:

I am writing to file a letter of protest with the FCC regarding a recent bid for telecommunication service that includes a request for funding from the Universal Service Fund.

The applicant is Quad County Projects (ID number 149611). They posted their 470 form on 2/23/98 and submitted their 471 on 4/15/98. The specific issues that lead us to file this protest follow:

- Three vendor bids were submitted in response to Quad County's formal RFP.
- All three bids were considered by Quad's evaluation process to be compliant with their requirements.
- Pricing for two of the three bids fell in the \$535k - \$575k range. The third bid was more than \$1.0M.
- The highest of the three bids was selected by Quad. BNI was told that this decision was based upon the selected vendor having "the newest, most advanced technology."

Based upon our understanding of the Universal Service Fund the school's decision process should be based upon meeting the "functional requirements" at the most competitive price with sensitivity towards "technical neutrality".

Enclosed
DOE

Obviously, we are concerned that this process was not followed at Quad County and both the citizens of that community and the contributors to the Universal Service Fund will pay a heavy financial price that will be of no real benefit to the users of the system.

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Unfortunately, this is a classic case of confusion about technology. BNI has a relationship with Quad in that we assisted them in writing a USF compliant technology neutral RFP.

They are good people who want to do the right thing. But quite frankly we are at a loss as to how the FCC can support a bid that is twice the price, is in fact old technology that is being replaced, and in our opinion is the least functionally compliant to Quad's requirement.

In accordance with Universal Service Guidelines I am also sending a copy of this letter to the SLC. I have also enclosed correspondence sent to our Quad County contact regarding this matter.

I would appreciate your attention to this matter and any input you can provide.

Sincerely,



Robert J. Beaury
President & CEO

cc: Irene M. Flannery
Federal Communications Commission
1919 M. Street NW
Washington, DC 20554

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BROADBAND NETWORKS INC.

April 17, 1998

Kirk W. Myers
Quad County Telecomm Project
Route 1 Box Q
Remer, MN 56672

2820 E. College Avenue, Suite B
State College PA 16801-7548

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Fax (814) 234-2841

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Dear Kirk,

After reviewing the Fujitsu proposal I found several items that appears to make Fujitsu non-compliant with your requirements. These items have nothing to do with a difference in technology but pertain to hidden costs in their "Base Bid". These additional items add significant cost to Fujitsu's base proposal. Below is a list of items that we feel could be a problem for Quad.

1. Their base proposal does not include equipment to interconnect the Floodwood site at Grand Rapids. The RFP calls for 4 incoming video and audio and 8 outgoing video and audio. At a very minimum this connection would require 4 JPEG encoders and 8 JPEG decoders. The cost of missing hardware is $(4 \times \$6,000 + 8 \times \$6,500 = \$76,000)$.
2. Their base proposal does not include equipment for second classrooms at Remer or Northome sites. At a very minimum this connection would require 2 JPEG encoders for video transmit per site and 4 JPEG decoders to feed the four monitors per site. The cost of missing hardware for both classroom is $(4 \times \$6,000 + 8 \times \$6,500 = \$76,000)$. Even the cost for adding an additional classroom is incorrect because it does not include enough JPEG decoders to feed the four monitors. The real cost for adding an additional classroom, with the required four decoders, is \$39,592.80 and not \$19,391.40.
3. Their base proposal does not include equipment to interconnect the two digital codecs at Northome and Hibbing sites. The two codecs at each site would require two extra transmit channels and two channels extra for receive at both sites. At a very minimum this connection would require 2 JPEG encoders and 2 JPEG decoders at each site. The cost of missing hardware is $(4 \times \$6,000 + 4 \times \$6,500 = \$50,000)$.
4. The base proposal, which seems to be based on a 10 classroom total, does not include enough JPEG decoders to feed the 4 monitors in each classroom. This at a minimum would require a total of 40 JPEG decoders. Their proposal contains only 38 decoders. The cost of missing hardware is $(2 \times \$6,500 = \$13,000)$.

The other "hidden cost" of the Fujitsu proposal is in connecting the LAN to the WAN, which will require Quad County to upgrade the LAN interface so that it is compatible to the ATM interface. Our proposal included routers for this connection.

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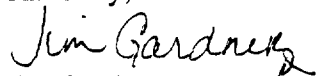
APR 23 1993

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Kirk, I also have serious doubt about the claim of providing full motion video with being channel loaded (2 Transmit & 4 Receive). I would ask to see a real distance learning system, 8 sites or more, that is running JPEG compression with multi channel over ATM to be certain that you are not receiving a video signal that is unacceptable.

Please call if you have any questions.

Sincerely,



Jim Gardner
Director of System Sales

APR 23 1998

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April 17, 1998

Mr. John Klarich
School Board Chairman
Quad County
Route 1 Box Q
Remer, MN 56672

Re: Quad County Telecomm Project

Mr. Klarich:

I am writing to inform you that Broadband Networks, Inc. (BNI) has filed a letter of protest with the SLC related to your selection of Fujitsu as the provider of a distance learning system for Quad County. Please see the letter enclosed.

We do this with great reluctance but at this point it seems to be our only course of action. My personal feeling is that this situation is due to a great deal of confusion about the technical merits of the different proposals.

Specifically, I am concerned that the bid you have selected is not compliant with the requirements, provides less functionality than the other bids and contains a tremendous amount of "hidden cost" that will have to be absorbed by somebody. Specific information on these issues has been provided to Kirk Myers.

I know that you are not happy to receive this letter and will likely be frustrated with BNI. Our only hope is to get an opportunity to discuss the matter with you and the other members of your Board in more detail.

Sincerely,

Bob Beaury
Robert Beaury
President & CEO